

AMENDED IN ASSEMBLY APRIL 6, 2016
AMENDED IN ASSEMBLY MARCH 17, 2016
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2711

Introduced by Assembly Member Chiu

February 19, 2016

An act to add and repeal Section 14981 of the Government Code, relating to pharmaceuticals.

LEGISLATIVE COUNSEL'S DIGEST

AB 2711, as amended, Chiu. Pharmaceuticals: purchasing.

Existing law authorizes the Department of General Services to enter into contracts on a bid or negotiated basis with manufacturers and suppliers of single source or multisource drugs and authorizes the department to obtain from them discounts, rebates, or refunds as permissible under federal law. Existing law authorizes the department, in consultation with specified state agencies, to investigate and implement other options and strategies to achieve the greatest savings on prescription drugs with prescription drug manufacturers and wholesalers, including, among others, coordinating programs offered by pharmaceutical manufacturers that provide prescription drugs for free or at reduced prices.

This bill would require the department, on or before ~~February~~ *July* 1, 2017, to submit a report to the appropriate policy and fiscal committees of the Legislature on activities that have been or will be undertaken pursuant to the above provisions. The bill would require the report to include specified information, such as the number and description of contracts entered into with manufacturers and suppliers

of drugs, including any discounts, rebates, or refunds obtained. The bill would repeal the reporting requirement on January 1, 2021. The bill would also state the intent of the Legislature to enact future legislation that enacts strategies to achieve the greatest savings on prescription drugs with prescription drug manufacturers and wholesalers.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. It is the intent of the Legislature to enact
2 legislation that would include strategies to achieve the greatest
3 savings on prescription drugs with prescription drug manufacturers
4 and wholesalers.

5 SEC. 2. Section 14981 is added to the Government Code, to
6 read:

7 14981. (a) On or before ~~February~~ July 1, 2017, the department
8 shall submit a report to the appropriate policy and fiscal committees
9 of the Legislature on activities that have been or will be undertaken
10 pursuant to this chapter. The report shall include, but not be limited
11 to, all of the following:

12 (1) The number and a description of contracts entered into with
13 manufacturers and suppliers of drugs pursuant to Section 14977.1,
14 including any discounts, rebates, or refunds obtained.

15 (2) The number and a description of entities that elect to
16 participate in the coordinated purchasing program pursuant to
17 Section 14977.5.

18 (3) Other options and strategies that have been or will be
19 implemented pursuant to Sections 14978 and 14980.

20 (4) Estimated costs and savings attributable to activities that
21 have been or will be undertaken pursuant to this chapter.

22 (b) (1) The report in subdivision (a) shall be submitted in
23 compliance with Section 9795.

24 (2) Pursuant to Section 10231.5, this section is repealed on
25 January 1, 2021.